

Ocean Spray seeks curb on cranberries

By Chris Reidy
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But rival says industry would pay for grower's mistakes

As its industry reels from oversupply, Ocean Spray Cranberries Inc. of Lakeville said yesterday it will urge the federal government to restrict how much fruit growers can bring to market this fall.

The announcement caused one local Ocean Spray rival to cry foul.

According to chief executive John Decas of Decas Sales Co. of Wareham, Ocean Spray has largely caused the cranberry surplus by encouraging its growers in Wisconsin and Canada to devote more acreage to cranberry production.

In essence, federal limits would force the entire industry to bear the costs of Ocean Spray's mistakes, Decas said.

"That's nonsense," said Ocean Spray spokesman Chris Phillips. The surplus is an industrywide problem, and Decas has to "accept some responsibility, too," Phillips said.

Though its annual sales dropped from \$1.48 billion to \$1.36 billion, Ocean Spray remains the industry's biggest player.

Oversupply has sent cranberry prices plummeting. A few years ago, a grower could receive \$80 for a barrel of cranberries. This year, the price could fall to \$25 or less. Though many variables come in to play, it's believed most growers need to make around \$40 a barrel to

break even.

A committee of the US Department of Agriculture is set to meet next week to review options for addressing the cranberry crisis, including market limits on berries that in theory should reduce supply and help drive up barrel prices to growers.

Four of the eight members on the committee are Ocean Spray growers. Usually, six votes are needed to make a recommendation to the USDA, which can accept or reject it.

Should growers be restricted to bringing only 90 percent of their recent annual crop averages to market? How about 80 percent? Those are some options the committee might review.

Ocean Spray is not alone in pushing market limits. Wisconsin rival Northland Cranberries Inc. has urged a similar course.

The USDA meeting comes at a contentious time for Ocean Spray. It recently selected a new chief executive, and yesterday it chose Sherwood Johnson to be its chairman, the first citrus grower to hold the title. (Ocean Spray is a cooperative made up of roughly 750 cranberry growers and 150 grapefruit growers.)

As a cooperative, Ocean Spray has a harder time raising capital

than most public companies. In recent months, it has debated whether it should stay independent or whether it should seek to be acquired by a consumer-products giant with the money to jump-start Ocean Spray's stalled momentum.

For the moment, Ocean Spray seems to be opting for independence. At its annual meeting this week, it formalized plans to downsize its board of directors in an effort to make itself more nimble in addressing its oversupply problems.

Board elections can be dry stuff, but this one was hotly contested as growers argued over Ocean Spray's future.

With results now in, some Massachusetts growers fear the makeup of the new board could aggravate local woes.

In the Bay State, cranberry growing is often a small operation, with many growers cultivating bogs of 20 acres or fewer, said David Ross, a West Barnstable grower.

But in places such as Wisconsin, New Jersey, and British Columbia, cranberry growing is often managed on a larger scale.

Given the makeup of the new board, Ross expects it to tilt Ocean Spray in favor of large out-of-state operations at the expense of small

local growers, something Ocean Spray denies.

"They're big agribusinesses who see us as hobby farmers," Ross said of growers from other regions.

According to Ocean Spray rival Decas, Massachusetts cranberry production has remained relatively constant; the surplus, he said, is "happening in Wisconsin and Canada."

"Ocean Spray has made a conscious decision to deemphasize Massachusetts," Decas said. "It's only a matter of time before they move their fancy headquarters to Wisconsin."

Phillips said Ocean Spray has no plans to leave Lakeville.

While its bogs are slowly being encroached by development, Massachusetts still takes pride in being the cradle of the cranberry industry. In recent years, though, it has been overtaken by Wisconsin. Last year, Wisconsin's wide open spaces produced 3.3 million barrels of cranberries. Massachusetts produced 1.9 million barrels, according to industry figures.

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